

April 15, 2012

District Administrator
Wilton School District
100 S. Main Street
Wilton, WI 11111

Dear Ms. Administrator,

Office of Management and Budget (OMB) Circular A-133 requires a pass-through entity to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report. The OMB circular also states the pass-through entity must ensure the subrecipient takes appropriate and timely corrective action. [OMB Circular A-133 §___,400(d)(5)] The management decision must clearly state whether or not the finding is sustained, the reason for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action.

The Department of Public Instruction (DPI) has completed the review of your federal program finding number 2011-01 relating to Title I-A, Title II-A, and the Special Education (IDEA) clusters. The finding states that during the 2010-2011 grant year, the District charged costs to the federal programs that were not adequately documented with semi-annual certifications or personnel activity reports.

In its response to the audit report, the District agreed with the finding. Therefore, the finding is sustained for all programs.

FINDING NO. 2011-01 – SUSTAINED

The District Charged to Federal Programs Costs That Were Inadequately Documented

For costs to be allowable, they must be adequately documented.

OMB Circular A-87,¹ *Cost Principles for State, Local, and Indian Tribal Governments, Attachment A, Paragraph C.1* provides “To be allowable under federal awards, costs must . . . be adequately documented.

Further, *Attachment B, Section 8(h), Support of salaries and wages* states —

(3) Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation . . . Such documentary support will be required where

¹ OMB Circular A-87 (Revised 5/10/04)

employees work on (a) More than one federal award, (b) A federal award and a non-federal award

(5) Personnel activity reports or equivalent documentation must meet the following standards: (a) They must reflect an after-the-fact distribution of the actual activity of each employee, (b) They must account for the total activity for which each employee is compensated, (c) They must be prepared at least monthly and must coincide with one or more pay periods, and (d) They must be signed by the employee

The District did not ensure that after-the-fact periodic certifications or personnel activity reports were prepared for employees whose salaries and wages were paid from federal awards. The District charged to the Title I-A, Title II-A, and IDEA Part B programs costs that were inadequately documented.

The District provided an auditee response that an internal control process would be implemented to ensure adequate documentation of personnel costs charged to federal programs. To ensure that the corrective action has been implemented, the Department is requesting the following documentation:

1. By May 15, 2012, provide an assurance from the District Administrator that:
 - Staff charged to the federal programs during the 2010-11 grant year were working on the programs' cost objectives;
 - Written policies and procedures for after-the-fact (a) semi-annual certifications of personnel costs for all employees paid from federal funds working on a single cost objective and (b) monthly personnel activity reports or equivalent documentation supporting personnel costs for employees working on multiple cost objectives have been developed; and
 - Staff members have been trained on these policies and procedures.

In this same correspondence, include the contact information (with e-mail addresses) of the individuals who can respond to the Department's request for time and effort records of staff members charged to the Title I-A, Title II-A, and IDEA Part B federal programs during the 2011-12 grant year.

The assurances and contact information should be sent to Rachel Zellmer at rachel.zellmer@dpi.wi.gov

2. In early June 2012, the Department will request a sampling of semi-annual certifications for the time period of July 1, 2011, through December 31, 2011, of staff members determined to have a single cost objective and whose salaries were charged to federal programs. Failure to provide this documentation during the time allocated will result in a determination of unallowed salary costs during the examined time period.
3. In early June 2012, the Department will request a sampling of personnel activity reports for the time period of May 1, 2012, through May 31, 2012, of staff members determined to have multiple cost objectives and whose salaries were charged to the federal programs. Failure to provide this documentation during the time allocated will result in a determination of unallowed salary costs during the examined time period.

Technical assistance on appropriate federal grant time and effort reporting is available at www.dpi.wi.gov/sped/lpp-budgets.html#time.